

North Dakota Workforce Development Council

"Making Good Things Happen for North Dakotans"

Position on state funded workforce training and workforce development programs.

Working definitions:

Workforce Development refers to education and training whereby students or individuals are direct customers of the service delivery system. This includes education and training provided to and through: 1) K-12, post-secondary, and proprietary institutions; 2) the existing workforce that is unemployed, displaced, disadvantaged or underemployed, and; 3) the existing employed workforce served through life-long learning and continuing education.

Workforce training, or jobs training, refers to the more immediate service relationships involved in responding to short term business and industry needs. It is business and industry driven and often involves customized or contracted training. The business is usually the direct client of the services delivered.

The differentiation. The primary factor that differentiates workforce development from workforce training is the primary customer being served. Workforce development is oriented toward meeting the education and training needs of individuals, including providing continuing education and life-long learning. Workforce training is oriented toward serving the training needs of business and industry.

Within this context, the major state agencies partnering to provide workforce development and workforce training throughout the state include the North Dakota State University System, Job Service North Dakota, State Board for Vocational and Technical Education, Department of Public instruction, Department of Human Service and the North Dakota Workforce Development Council.

The North Dakota Workforce Development Council coordinates the efforts of the State Agencies administering the federal and state funded workforce development and workforce training programs in North Dakota. This current structure allows North Dakota to:

1. Maximize access to federal funding;
2. Foster more focused delivery of workforce development and workforce training services to North Dakota citizen and employers and;
3. Provide more responsive services to business, industry and economic development professionals.

North Dakota's workforce development and workforce training programs include a number of specific federally funded programs complemented by several State funded programs. The State funded programs fill 'gaps' in workforce training and are targeted toward addressing employer needs for keeping their workforce trained and competitive.

Background:

North Dakota's 21st Century Demographics show that the State will be faced with tighter labor markets, an aging workforce, wider "skill gaps", and a replacement worker issue.

According to Peter Drucker, "The dominant factor in the next two decades is not going to be economics or technology. **It will be demographics.** Workforce is an increasingly big piece of the economic development puzzle. In the knowledge economy, our competitive economic advantage depends on the quantity and quality of our workforce". Our state, our communities, and our businesses, depend on our workforce development system.

A well trained highly skilled workforce is essential to the future economic growth and vitality of North Dakota and to the global competitiveness of the businesses and industries located in the state. Site selectors for business and industry consistently rate "the availability of a well-educated and highly-trained labor force" as one of the highest priorities in selecting a state, and in turn a community, for locating their business or industry.

The North Dakota Legislative Assembly has enacted legislation, leading to an effective workforce training system to meet the training needs of current and potential businesses and industries in the state.

- 1991 – Workforce 2000 Program
- 1993 – North Dakota New Jobs Training Program
- 1999 – Workforce Training Quadrants

There is a high level of cooperation and coordination regarding workforce development and workforce training among the organizations and agencies involved in economic development at the local and state level.

The success of the workforce development and workforce training programs are documented by the reports and tracking of participants that is being done by the agencies and colleges who have administrative responsibility for the programs.

North Dakota needs to maintain its current commitment and funding levels for State funded workforce development and workforce training programs. In addition, North Dakota needs to pursue a permanent funding source for the Workforce 2000 Program and the Workforce Training Quadrants Program., In addition, a new program is needed to provide funding to support the training of underemployed and youth in primary sector and high demand, high skill, targeted occupations having an average annual wage of \$25,000 or more, in return for a commitment to work in North Dakota.

Recommendations:

1. State funding for the workforce development and workforce training programs is continued at the current levels.
2. Continue the workforce development and workforce training system as currently structured and administered.
3. Continue to address accessibility to training and provide access to funding to assist the underemployed with retraining for high demand and high skill jobs that exist in North Dakota.
4. Work with the legislature and the Governor's Office to develop a permanent funding source for workforce development and workforce training programs.
5. Explore options to fund a new program to provide matching funds to assist with retraining underemployed workers and youth for primary sector and high demand high skill target occupations in return for a commitment to work in North Dakota.

Attachment I

Workforce Development and Workforce Training Funding Sources and Delivery System

An effective and responsive workforce development and workforce training system has the capacity to deliver employer focused training in a timely manner and provides incentives for North Dakota businesses to invest in training for their incumbent workers. Both the delivery system and the funding sources are important and work together in providing needed training to meet employer and worker training needs.

Funding Sources:

Workforce 2000 Program. Workforce 2000 provides matching funds to assist North Dakota employers in upgrading the skills of current workers (North Dakota residents) when new technologies or new work methods are introduced. The program also provides pre-employment training when new companies located to the state or North Dakota businesses are expanding. Workforce 2000 is administered by Job Service North Dakota. Program funding is used to provide a “match” to employers to help reduce the cost of training and thereby make the training more affordable. The program is marketed by local development corporations and business services staff of Job Service.

North Dakota New Jobs Training Program. North Dakota New Jobs Training provides funding to “primary sector” business by capturing the State Income Tax Withholding generated from new jobs created by eligible businesses in the state. The program is administered through Job Service North Dakota. Administrative fees for the program are paid by businesses participating in the program. Businesses can access funding by either obtaining a loan, repayable grant or a self-finance option. Under the loan or repayable grant option, 100% of the eligible state income tax withholding each quarter would be applied to repayment of loans and repayable grants. Under the self-finance option, 60% of the eligible state income tax withholding each quarter would be reimbursed back to the business to cover cost of training individuals filling new job positions.

Delivery System:

Workforce Training Quadrants Program. Workforce Training Quadrants Program provides funding to the two year state colleges assigned primary responsibility for workforce training in their respective quadrant to develop the delivery system for needed training. The training providers include the four-year colleges and universities, tribal colleges, vocational and technical centers, comprehensive high schools and other private and public training providers. The location, time, and content of the training provided will be determined by the business and industry receiving the training. Development and support of the infrastructure is important to an effective workforce training delivery system in North Dakota.